

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6366

BILL NUMBER: HB 1067

NOTE PREPARED: Dec 8, 2003

BILL AMENDED:

SUBJECT: Dog Tax and Licenses.

FIRST AUTHOR: Rep. Young D

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: Local

Summary of Legislation: This bill increases the Dog Tax and fees related to the licensing of dogs.

The bill also decreases the number of days after which an impounded dog must be sold or destroyed from 20 to 10.

Effective Date: July 1, 2004.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: This bill decreases the number of days in which a city, town, and county animal control agency is required to hold an untaxed dog before it is sold or destroyed. The shortening of the period from 20 days to 10 would presumably reduce an agency's expenditures on each impounded dog.

Explanation of Local Revenues: The bill increases the Dog Tax and the administrative fees that township assessors and assessor-designated veterinarians may retain from the tax. Changes in the tax and the fees that may be withheld from Dog Tax collections are shown in the following table.

Dog Tax Rates and Related Administrative Deductions

	Current Rate	Proposed Rate
Neutered Dogs*	\$2.00	\$3.00
Nonneutered Dogs	\$4.00	\$6.00
Each Additional Dog	\$6.00	\$10.00

Local Fees Deductible from the Dog Tax

	Current Rate	Proposed Rate
Township Assessor / Trustee	\$0.50	\$1.00
Designated Veterinarian	\$0.75	\$2.00
Designated Humane Society (County Option)	\$0.50	\$1.00

* Under current law, city councils may increase the tax on neutered dogs by \$1, to \$3. This bill allows city councils to increase the tax on neutered dogs to \$4.

These changes will impact county general fund revenue, township general fund revenue, and money distributed to the county-designated humane societies. Additionally, the changes could impact the surplus Dog Tax distributions made to Purdue University Veterinary School for canine research.

Impact on County General Funds: The bill increases the Dog Tax and the administrative fees that township assessors and township assessor-designated veterinarians may retain from the tax. The precise impact of this proposal will depend on the number and types of dogs licensed as well as the reimbursement requests made against the state and local dog funds. However, based on estimates calculated from the FY 2003 Auditor of State's Dog Fund Report and the Local Government Database, it is estimated that this bill could increase the surplus State Dog Fund distributions returned to county general funds by approximately 24% each year (See *Background Information*, below). In FY 2003, counties shared \$96,469 in surplus Dog Tax revenues.

Dog Tax Administrative Fees: In addition to the increases in the Dog Tax rates, the bill also increases the portion of the tax that township assessors and assessor-designated veterinarians may retain from their Dog Tax collections. Under current law, a township assessor or trustee may retain \$0.50 for each dog license issued. The bill increases the amount of the tax a township assessor or trustee may retain from \$0.50 to \$1.00. If the administrative fee is retained by the township assessor, the fee is deposited into the county general fund. If the fee is retained by a township trustee, it is deposited into the township general fund.

According to the Local Government Database, in CY 2001 only two counties expected to receive revenue from the administrative fee: Lake (\$10,000) and Daviess (\$100). At the township level, 232 townships expected some revenue from the administrative fee. Of these, 156 expected less than \$100, 20 expected more than \$1,000, and seven expected more than \$5,000.

Humane Societies: Under current law, counties may approve one humane society to receive \$0.50 from each Dog Tax payment. This bill increases the amount that a designated humane society may receive from \$0.50 to \$1.00. It is estimated that this provision could generate a total of approximately \$31,000 for designated county humane societies.

The bill also increases the daily fee that cities, towns, and counties may charge to impound an untagged dog from a maximum of \$0.25 per day to a maximum of \$3.00. The impact of this provision on city-, town-, and county-owned animal control facilities is unknown.

Purdue University: Under current law, the Purdue University Veterinary School receives a portion of any surplus revenue (up to \$100,000) distributed from the State Dog Fund for canine research. In FY 2003, Purdue received \$96,469 from surplus Dog Tax funds. Absent a significant increase in the number of claims filed against the State Dog Fund, this provision is expected to bring Purdue's distribution to the \$100,000 cap each year.

Dog Tax Background Information: Collections of the Dog Tax by townships are first used to pay damages sustained by owners of certain livestock by dogs or to pay for the treatment of persons infected by a dog with rabies. Townships then are required to submit Dog Tax collections in excess of \$300 to their county auditor for deposit into the county dog fund. Distributions are then annually made from county fund to townships to satisfy unpaid claims or, at the county's option, to designated animal shelters. Counties then annually remit funds remaining in the county dog fund to the State Auditor for deposit in the State Dog Fund. The State Auditor uses the money to maintain a balance in the State Dog Fund of \$50,000. The remaining surplus is used as follows: (1) to reimburse the state's expenses for dog tag purchases, (2) to reimburse county auditors who have township trustees with unpaid claims, and (3) to distribute 50% of any remaining balance (up to \$100,000) to Purdue Veterinary School for canine research. The remaining balance is returned to county general funds in proportion to the county's contribution to the State Dog Fund. In FY 2003, Indiana counties received a total of \$96,469 from the distribution of surplus Dog Tax funds.

State Agencies Affected: Auditor of State; U.S. Census Bureau.

Local Agencies Affected: Township assessors, trustees; County Auditors; Purdue University.

Information Sources: Dog Fund Report, Auditor of State; Local Government Database; U.S. Census.

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